$1.25 a copy; $55 a year

Monday, January 28, 1985

Advertising Age

Crain's International Newspaper of Marketing

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From our Creative Review Board

Favorite print ads of 1984

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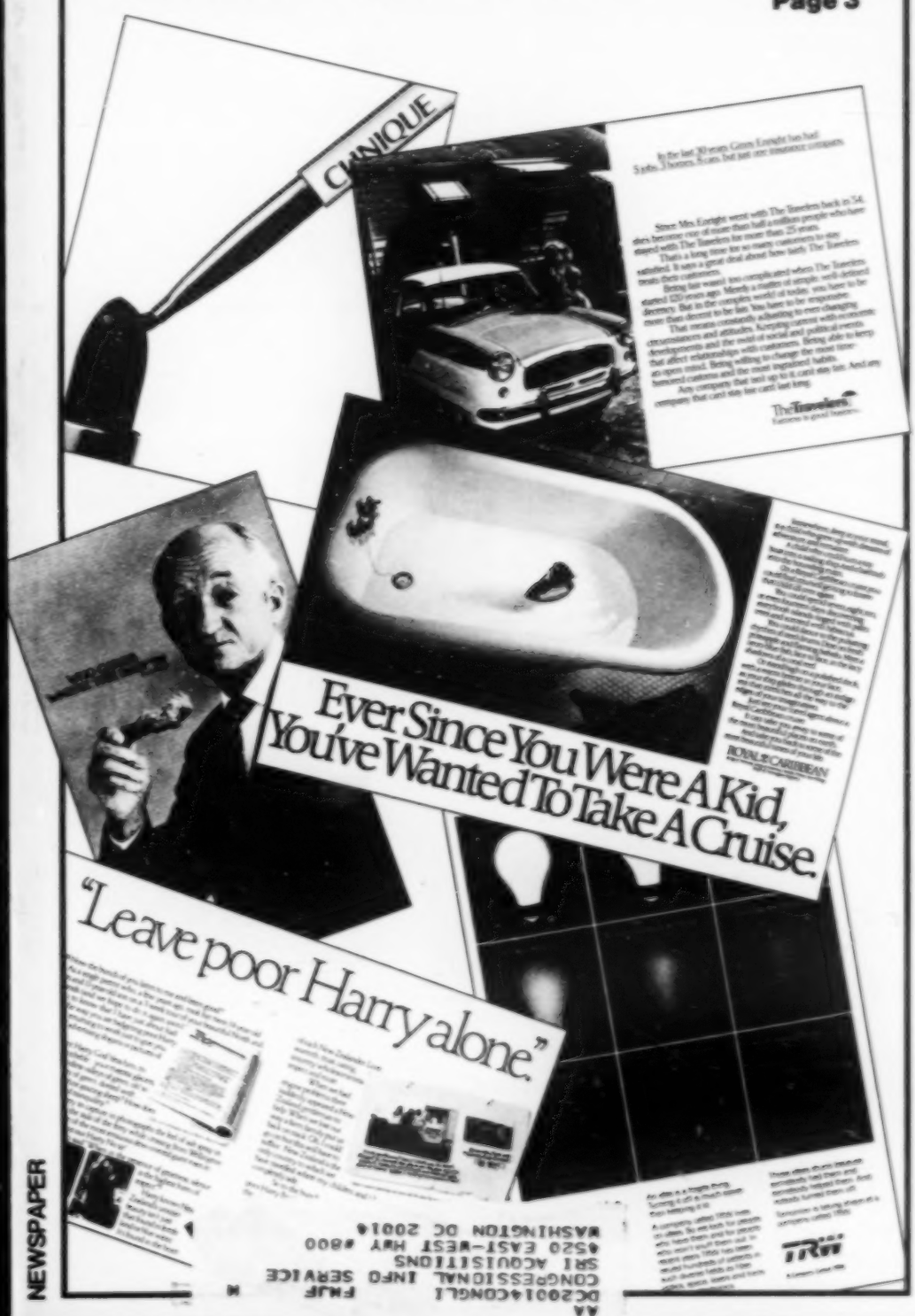

Public sides with admen: 'Lemmings' forgettable

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Rolling along with a stone successful magazine

— Page 3

Quaker Oats looks again at overseas market plan

— Page 4

Awakening India market lures outside businesses

— Pages 62, 63

NEWSPAPER

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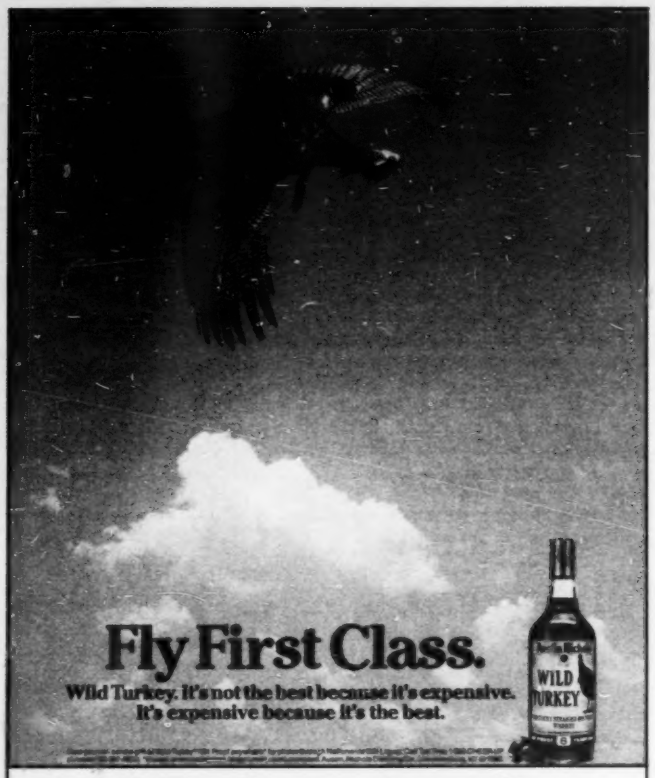

Wild Turkey wings it

Grounded lo these many years in previous ads, the familiar symbol of Wild Turkey premium bourbon takes flight (first class, of course) in a new campaign from Austin, Nichols & Co., New York. Campaign by Nadler & Larimer breaks during February in 40 magazines, as well as newspapers and outdoor.

Seoul sings Sept. song for '88 games

By JAMES P. FORKAN

NEW YORK—A Summer Olympics in the fall?

That's what the Seoul Olympic Organizing Committee has planned for 1988. The reason is that during the traditional months of the quadrennial games, July and August, South Korea tends to be belted by monsoons, which could disrupt the competition.

With that in mind, Seoul has told the three major U.S. tv networks the tentative 1988 Olympics schedule will stretch from Sept. 17 through Oct. 2, network officials here said. The Oct. 2 closing ceremonies would fall on a Sunday night, as usual.

That unusual timing, however, raises still more problems for ABC, CBS and NBC, whose top brass already have been cool toward bidding for rights to televise the '88 games due to the committee's seeming unwillingness to slate events so they would air live on U.S. prime time tv.

One ABC official said, "It brings up questions about how the new fall ['88] prime time tv season may

(Continued on Page 100)

As Gillette goes bi. . .

Good News! for all

By GAY JERVEY

Gillette Co. will lend one of its better known razor names—Good News!—to a new line of unisex toiletries due this spring.

Sources say the Boston-based company is readying a Northwest regional test of the products. The line initially will include a regular and a concentrate shampoo, deodorant stick, antiperspirant, hair conditioner and shaving cream. A national rollout may come sometime next year.

Gillette declined comment on the line.

Although advertising has yet to be developed, Gillette and Young & Rubicam—the agency that worked on the relaunch of Right Guard deodorant/antiperspirant and Silkience haircare line—plan to stress the message that Good News! will deliver Gillette quality at an affordable price.

Ad and promotional spending will be at an annual rate of $30 million for the test, according to a source.

Scheduled to begin on the day Americans love most, April 15, the campaign will pound away on quality and value, themes consistently nurtured by the nine-year old Good News! name. Pricing strategy calls for the items to appeal to consumers who don't wish to pay

(Continued on Page 100)

Apple fails to register

Viewers flunk quiz on 'Lemmings'

By JOSEPH M. WINSKI

A lot of people *think* they saw an Apple Computer commercial during the Super Bowl—but few can remember just what they saw or what product was being advertised.

Those conclusions emerge from a special ADVERTISING AGE survey of public awareness of Apple's controversial "Lemmings" commercial, a single 60-second spot aired during the Super Bowl to introduce the Macintosh Office computer system.

The survey indicates that the commercial clearly failed to register with most viewers. It tends to confirm the opinion of agency creative executives who have expressed doubts about the commercial's impact, especially in comparison with last year's widely acclaimed "1984" spot (AA, Jan. 24).

In the survey, researchers at SRI Research Center, Lincoln, Neb., interviewed a national sample of 300 people 18 or older who said they had watched the Super Bowl's fourth quarter, during which the Apple commercial was shown.

Recall

300 viewers of the Super Bowl's fourth quarter were asked: Do you recall seeing a commercial for the Apple Computer company?
Source: SRI Research Center, Lincoln, Neb.

Response	Mentions	Percent
Yes	162	54
No	138	46

Only 31 respondents, or 10.3% of the total, described the commercial correctly.

About 60% of the sample were men and 40% women, the same male-female makeup as the viewing audience.

The sample survey was conducted by telephone Jan. 22 and 23. It has a margin or error of plus or minus 5.7 percentage points.

Of the 300 people interviewed, 162, or 54%, answered yes to the question: "Do you recall a commercial for the Apple Computer company?" But only 31 people—19% of those claiming to have seen an Apple commercial and 10% of all the respondents—were able to describe the commercial correctly.

Fifty-five per cent of those who said they had seen an Apple commercial said they couldn't describe it; the remaining 26% simply described it incorrectly. Robert Nielsen, SRI vp and analyst who directed the study, said interviewers were instructed to be "generous" in deciding which descriptions were accurate, and that those reported by SRI as incorrect "were clearly wrong."

Among the incorrect responses were those saying the commercial showed "an apple with a bite out of it," "a big computer" and "a guy who looks like Charlie Chaplin" (the character used in IBM personal computer commercials), Mr. Nielsen said.

The commercial showed business-suited men and women marching single-file off a cliff, whistling the Disney tune, "Hi-ho, hi-ho," in a funeral tempo.

Respondents performed even more poorly in identifying the

(Continued on Page 98)

Last Minute News

RKO Radio has ear for buyout offers

NEW YORK—RKO Radio Networks, still reeling from an advertiser billing scandal last year, is "listening" to various offers to sell the networks, an RKO spokesman says, though no sale is imminent. RKO Radio Networks has reached only 20% of its advertising sales goal for the first quarter, the spokesman said.

'U.S. News' publisher Dunn to leave post

NEW YORK—William Dunn is leaving his post as vp-publisher at *U.S. News & World Report*. Once his successor is chosen, which Mr. Dunn expects "in the next couple of months," he will become senior vp, U.S. News & World Report Inc. His agreement with new owner Mortimer Zuckerman calls for him to continue as senior vp through 1985; in September, he will add duties at the University of Massachusetts, teaching in the business and journalism schools.

Chiat tests jump to defense of 'Lemmings'

CUPERTINO, CAL.—Apple Computer's controversial "Lemmings" Super Bowl spot scored well in day-after recall tests commissioned by Apple agency Chiat/Day. Apple said of 127 respondents, screened by Chiat to exclude nonprofessionals and nonmanagers, 73% recalled the spot, 68% could articulate its main message, 80% could describe the action in detail, 79% believed it was targeted at business, 23% spontaneously mentioned the Macintosh Office, subject of the ad, and 59% expressed an interest in

(Continued on Page 8)

A word about 'Thursday'

ADVERTISING AGE's Thursday edition is ready to serve up new pages and timely features. Besides enhancing our readers' knowledge, it will add to the comprehensive qualities of this publication. Look for this exciting departure in business journalism with your ADVERTISING AGE *Thursday* issue of Jan. 31.

Passport to $20 million

Six agencies apply for Visa

By RUTH STROUD

Visa USA, after several management changes, is searching for a full-service international agency to handle its estimated $20 million U.S. account.

The U.S. arm of Visa International, San Francisco, the world's largest bank-card organization, is talking to six agencies headquartered in New York or Chicago to replace Visa Communications, its in-house agency for the past decade. Among those believed to be on the list are: Young & Rubicam; BBDO International; Dancer Fitzgerald Sample; Leo Burnett USA; Foote, Cone & Belding, and one other agency.

Visa's decision to seek an outside ad agency follows recent change in management and direction of the company. Charles Russell became president-ceo of Visa International and Visa USA, after D.W. Hock, who had held the post since Visa was founded in 1970, announced his retirement. In October, John Bennett, a former vp-marketing at Merrill Lynch, Pierce, Fenner & Smith and, before that, a product and marketing executive with Citibank and American Express Co., became the new director of marketing and product development.

The search for an outside agency is really Mr. Bennett's decision and that of top management, according to company spokesman Richard Rossi. "Because of deregulation, [they feel] there will be much tougher competition and that [Visa] needed the additional resources that a larger international agency could provide," Mr. Rossi explained. "We need a lot more capability than it would make sense for us to build into an in-house

(Continued on Page 100)

Photo by Arnie Adler

Annenberg honored by MPA

Walter Annenberg (c.), chairman of Triangle Publications, accepts the Magazine Publishers Assn.'s 1984 Henry Johnson Fisher Award in New York. With him are MPA chairman Jack Rehm of Meredith Corp. (l.) and William Gorog, president of the MPA. *(See story on Page 100.)*

Highlights

Ralston Purina Co.'s new Chicken of the Sea brand canned pink salmon may "change the way everybody's packing salmon," industry sources say. *See Page 6.*

Opponents of alcohol advertising have found their legislative angel—a Southern Baptist preacher turned congressman, who also owns an ad agency. *See Page 10.*

Pillsbury Co.'s Van de Kamp's Frozen Foods division began a heavy Lenten push this week for Van de Kamp's Light, a new line of adult-oriented, lightly breaded premium fish filets. *See Page 24.*

Alberto-Culver Co. plans to continue its rapid-fire pace of new-product introductions and continue to increase its advertising budget. *See Page 26.*

The frantic nature of headhunting in Manhattan is made even trickier by the subjective process of judging creative work. Some of those involved in this juggling process share their views on the problems and challenges the job poses. *See Page 42.*

The drug industry is not alone in trying to influence physicians' prescription practices. There is a movement afoot to counter the information supplied through drug ads. *See Page 50.*

Squeezing more mileage out of advertising budgets has become the Holy Grail of automobile marketers, and their lengthy quest has led them to the doorstep of the print community. *See Page 80*

A commercial produced for Ontario's Ministry of Tourism and Recreation swept the 14th annual U.S. Television & Radio Commercials Festival by winning the "best of festival" MOBIUS award and four other awards. *See Page 102.*

CORPORATE CLOSEUP

Quaker Oats Co. at one time looked at its international grocery products arm as a shining light, but now Quaker executives are revising their strategy and changing course. *See Page 4.*

FORUM

Buyers and sellers undervalue the creativity of radio commercials because they think the radio can't carry pictures, says William Stakelin, president-ceo of the Radio Advertising Bureau. *See Page 16.*

Dimitri Vassilaros, a Florida marketing executive, tells a waiting world "How to Tampa Bay." *See Page 16.*

INTERNATIONAL

The European Economic Community's new executive committee is expected to press for approval of a controversial "Green Paper" calling for relatively unregulated advertising on tv broadcasts across European borders. *See Page 60.*

The Brazilian ad market is in a state of flux following this month's presidential election. What happens in Brazil, biggest ad market in Latin America, also affects U.S. multinational agencies, which have invested heavily in their Brazilian operations. *See Page 60.*

Private, local tv which is expected to be introduced in France for the first time, could be a flop with advertisers if private, national networks are not also allowed. *See Page 64.*

COMING THURSDAY

SPECIAL REPORT

Making products stand out is the goal of wine and beer marketers trying to sell their goods in an increasingly competitive market. Tactics range from creating new categories, such as low-alcohol beer, to offering wine by the glass in restaurants.

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Software discs lure Woolworth

By BRIAN MORAN and PAT SLOAN

NEW YORK—A chain of computer software stores is believed to be one of three specialty retailing formats F.W. Woolworth Co. is expected to announce soon.

Reports of Woolworth's intent to further expand in specialty stores surfaced last week amid increased trading of its stock. The heavy trading revived speculation that a Canadian investment group or Rapid-American Corp. chairman Meshulam Riklis might be orchestrating a takeover.

At press time, Woolworth executives would not comment on the nature of the new stores. A spokesman, attributing the stock's activity only to a surge in the over-all market, indicated the company will reveal the identity of the stores within a week.

The new stores are part of Woolworth's previously announced strategic plan to internally develop or acquire new specialty stores. Woolworth first confirmed late last year that it was looking at three additional formats for 1985 (AA, Dec. 10). Woolworth previously had announced plans to test deep-discount drugstores with two outlets in metropolitan Philadelphia. The stores, scheduled to open early this year, will be called the Rx Place, a Woolworth spokesman said last week.

The specialty store offensive is considered key to Woolworth's plans for long-term growth. Woolworth management also has been trying to revive its variety store business, the oldest and largest segment of the retail company that began as a 5¢ & 10¢ store.

Woolworth's software stores re-

(Continued on Page 100)

New roles at rechristened parent

O&M name game

By STEWART ALTER

Kenneth Roman, Graham Phillips and Norman Berry were named to major new management roles at a reorganized, renamed Ogilvy & Mather. Jay Schulberg has been tapped for a key creative role.

The Ogilvy Group is the new name for the parent O&M company, previously called Ogilvy & Mather International. It had 1984 billings of $2.9 billion.

O&M International chairman-ceo William Phillips, 55, retains that title at the Ogilvy Group.

A key promotion involves Mr. Roman, 54, who moves to president of O&M Worldwide from the same title at O&M-U.S. William Phillips remains O&M Worldwide chairman.

Graham Phillips, 45, has been named chairman at O&M-U.S., while retaining responsibility as chief financial officer at the parent Ogilvy Group. He had been managing director of O&M, New York.

Mr. Berry, 53, was named president of O&M, New York, while retaining the post of O&M Worldwide creative director. Replacing Mr. Berry as creative director, O&M, New York, is Mr. Schulberg, 45, who has been senior vp-deputy creative head.

Michael Ball, 48, vice-chairman at O&M International becomes vice-chairman at Ogilvy Group and adds the new title of vice-chairman, O&M Worldwide, in charge of worldwide development.

James Benson continues as vice-chairman, O&M Worldwide.#

Ralston summons salmon

By JULIE FRANZ

St. Louis—Ralston Purina Co.'s new Chicken of the Sea brand canned pink salmon may "change the way everybody's packing salmon," industry sources say. The new product marks the first time salmon is packed skinless and boneless.

"Ralston is going big into seafood," one industry insider said. Ralston has been telling grocery store buyers the company wants to be known as "*the* canned seafood company, not just a dog food company," buyers report.

It also has hinted it may add canned shrimp and canned crab to its Chicken of the Sea line, sources say.

Ralston refused to comment on its new pink salmon or rumored expansion plans.

The company's pink salmon began testing Jan. 1 in Buffalo, Houston, Kansas City, Miami and Pittsburgh. The product is backed by a $7 million campaign by TBWA, including $4.2 million for tv spots and print ads breaking March 1.

Ralston is applying its tuna fish-cleaning technology to its salmon product, seafood industry sources say.

It has a temporary patent on applying the cleaning process to salmon that should keep competitors at bay for at least 15 months, sources say.

Traditional methods of packing salmon with the skin and bones give a 68% to 70% yield from a salmon, those sources said. Chicken of the Sea's new packing method gives only a 40% to 45% yield from each fish, they said, adding four to six cents to the retail price of each packed ounce, they added.

The product comes in 6.5-oz. cans priced between $1.31 and $1.75.

It also comes in a 12.5-oz. can, but none of the buyers interviewed said they'll stock the larger size. Grocery shoppers are more likely to buy the smaller-size can because it resembles a can of tuna, they point out.

The product's physical likeness to canned tuna is the pink salmon product's biggest selling point, test market sources agree. "If you make it look like tuna, people will buy it," one said. Skinning and deboning the salmon adds to the convenience and eliminates much of the "fishy" odor of canned salmon, he added.

To introduce the product, Ralston is selling a 3.25-oz. trial size for between 41¢ and 59¢; it is available through February, market sources report.

The sample comes in a 144-can pink point-of-purchase display with 25¢-off coupons on the label. Free recipe books for consumers unfamiliar with salmon are part of the display.

On-pack coupons for 15¢ off the 6.5-oz. can and 30¢ off the 12.5-oz. can also run through February and again in September.

Tv spots, with 1,024 gross ratings points guaranteed during the test, will run through the first week of June.

Print ads in women's magazines —themed "No waste. All salmon." —with 15¢-off coupons will run through June 30 and again in September.

Ralston plans two-for-the-price-of-one coupons the first week in March.

Also planned for that week are cents-off coupons with total distribution of all three to 657,000 households.

Another 587,000 coupons for 20¢ off any size or buy-one-get-one-free are set for the first week of May and the first week of September.

With magazine and freestanding insert distribution, Ralston is guaranteeing circulation of 300 million coupons, product literature asserts.

Point-of-purchase materials such as this stack card are included in Ralston's support for Chicken of the Sea brand canned pink salmon as part of a $7 million ad campaign by TBWA, St. Louis. The product marks a major Ralston commitment to the canned seafood business, industry sources say.

Alcohol ban bill killed

Atlanta—A bill to ban alcohol advertising in Georgia was overwhelmingly defeated, 118-46, last week in the state's general assembly, with most opponents arguing against it on constitutional grounds.

CORRECTIONS & CLARIFICATIONS

- Procter & Gamble did not agree to sponsor the Metromedia program "Small Wonder" as reported in a story on the National Assn. of Television Program Executives International syndication convention (AA, Jan. 17, P. 2).
- By transposing 1984 and 1983 ad page figures, a chart headed "How the top 25 line up [Monthly metropolitan magazine ad linage]" that appeared in the Special Report on City & Regional Magazines (AA, Jan. 17, P. 16) incorrectly positioned *Ultra* as No. 23 on the list. Since the Houston-based publication reports that it carried 1,055 ad pages in 1984, or 28% more than the 824 in 1983 (not the reverse), it finished 1984 virtually tied with *Houston City* in 13th place. (The latter reported 1,054 ad pages for 1984.)

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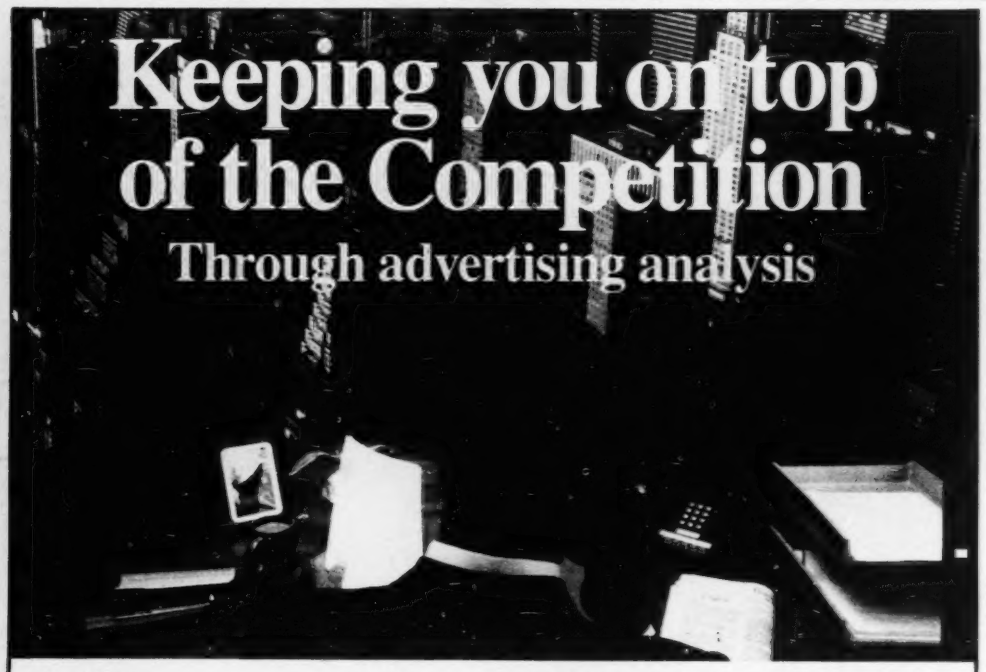

Positioning.
You are probably spending a large portion of your advertising budget to create an image for your product or service, to position it where it will be most effective.

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. . . in what publications do your competitors advertise

. . . with what frequency does the competition advertise

. . . what is the content and composition of their advertisements

. . . which competitive products are being advertised most.

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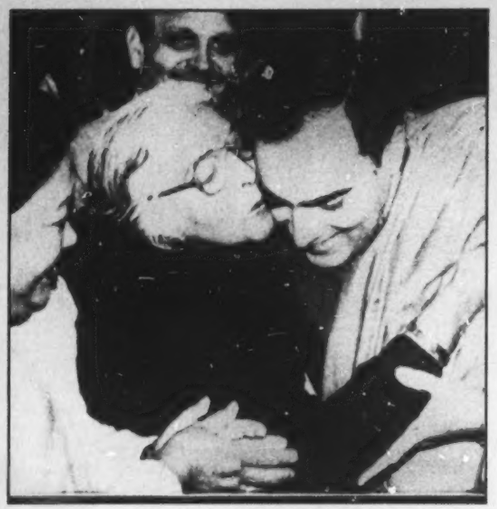

Photos by Wide World Photos/Agence France Presse

New Indian Prime Minister Rajiv Gandhi, receiving the accolades of voters who elected him last month, has vowed to open India to foreign marketers.

INDIA A sleeping giant finally opens door to the West

Editor's note: The prospect of a new "open door" policy in India is as exciting to many Western marketers as the opening up of China. The late Indian Prime Minister Indira Gandhi was in the midst of a program to emphasize free enterprise within India—and also to attract new, foreign competitors—when she was assassinated last year. Mrs. Gandhi's son, Rajiv Gandhi, elected India's prime minister last month, said he will continue lifting barriers to foreign marketers. But now he is preoccupied with the aftermath of 1,300 deaths in riots following the assassination of his mother, and of 2,000 additional deaths following the escape of poison gas from a Union Carbide pesticide plant in Bhopal. Before these tragedies occurred, some Western marketers and media targeted India for products and programing. They still do, and the reports that follow tell why.

By MICHAEL BALL

It was a year—1984—in which one political event shook India: The assassination of Indira Gandhi.

The strength of India's institutions, however, enabled a smooth transition of power. And that implies the shift toward pragmatic economic policies will gain momentum.

One result of the shift has been an increase in private enterprise and a substantial transfer of technology from abroad, especially from Japan. The potentially huge Indian market attracted the Japanese, despite import restrictions on goods and technology.

Another encouraging trend has been the gradual urbanization of rural India. New products and services are reaching the rural rich, who have been helped by growing literacy, an exposure to urban life styles and exposure gained through the spread of tv, video and the ever-present Indian films.

This has created an awareness and acceptance of technological innovation. As a result, there has been a reduction in the sociocultural gap between what one commentator has termed "the two Indias."

Along with this, there has been the gradual increase in disposable income, and a resultant improvement in living standards. India is now entering a consumer age, with consumers demanding more products and services. Simultaneously, they are demanding more value for their money.

Naturally, manufacturers are trying to meet these new needs. An enormous number of new products and services have been introduced into the Indian market, as have new brands in categories that were dormant until now. Some of the important ones are motorcycles, cooking ranges, food and beverages, expensive fashion fabrics, tvs, hi-fi/-video systems, office equipment—including computers and word processors—and state government tourism.

The future probably will see growth in four basic product areas: Electronics, convenience, health and self-fulfillment.

Obviously, the task of placing these products in front of at least 100 million consumers is one that 200 ad agencies accredited by the Indian media look forward to.

In this, Indian agencies are helped by the explosive growth of tv. It reaches 70% of the country. In a largely illiterate country, audiovisual media are effective in reaching consumers, and so there has been a shift in budgets to tv, which now offers color.

In addition, Indian tv allows advertisers to sponsor complete programs, an advertising technique new to India.

Advertisers also are proving more willing to increase expenditures. In 1984, estimated spending will be $461 million, up 14% from 1983, despite a disallowance of 20% on all advertising expenditures for computing corporate taxes. About 65% of all spending is channeled through the top 10 agencies.

Intensified activity in the marketplace has forced Indian agencies to achieve new levels of professionalism. This is exemplified by the Third National Readership Survey, which is the largest of its kind in the world, polling 55,000 respondents.

Finally, one phenomenon worth noting: The large number of foreign collaborations in Indian industry, including advertising. Only three agencies have foreign equity participation, but at least six others have associate relationships. These should prove catalysts to increasing the rigor in Indian advertising, and providing greater visibility worldwide.#

Mr. Ball is vice-chairman and director of Ogilvy & Mather International and was in India when Indira Gandhi was assassinated.

Agencies seek tie with U.S. shops

Goal is to snare global accounts

By VALERIE MACKIE

Leading Indian agencies in Bombay and New Delhi are bombarding U.S. multinational shops with proposals to affiliate.

"In the last three to six months, we have received letters from independent Indian agencies which are rushing to get an international agency affiliation," said Willi Schalk, president of BBDO International Group. "They believe they need international connections," Mr. Schalk said.

Jerry Roberts, chairman of DYR Inc., said, "We have received some letters, some of them very formal. . .They want our name and expertise." DYR is a 50-50 joint venture between Dentsu of Japan and Young & Rubicam.

Indian agencies want international affiliations to gain an edge with global clients thinking of entering India now that the country is opening up to foreign marketing.

Michael Ball, vice-chairman and director of Ogilvy & Mather International, predicted the "Indian end to multinational clients" will grow.

India's sixth-largest agency, Chaitra Advertising Private Ltd., is looking to link with a U.S. agency "to offer some of our export-oriented clients an opportunity to understand sophisticated marketing and research techniques for specific international market segments," said Walter Saldanha, Chaitra chairman.

Much of this optimism hinges on whether the new government of Rajiv Gandhi keeps its promise to continue Indira Gandhi's policy of opening up the nation's restrictive trade practices before she was assassinated last year.

The most restrictive law to date is one limiting foreign equity ownership to 40%, a rule that induced IBM and Coca-Cola to shut down their Indian operations in the mid-1970s and O&M and Lintas to reduce their holdings from 100%. All other multinational agency agreements in India are nonequity.

But not having an equity position has its advantages, too. J. Walter Thompson Co., the largest agency in India, has attracted a high percentage of public sector (government) advertising. Public sector advertisers, by law, can only hire Indian-owned agencies.

At this point, neither BBDO nor DYR has taken any of the local Indian agencies up on their offers to affiliate, preferring to see what happens in India.

"We have decided to look into India in 1985 and try and understand the market. We don't plan to rush," Mr. Schalk said. One BBDO client, Gillette, already announced it will market razor blades in India this year (AA, May 21).

"We're not going into India, although I wish we were," said DYR's Mr. Roberts.

"It's back burner in terms of business development, but front burner in terms of interest. If the government changed its restrictions today, tomorrow there would be 58 meetings in Manhattan," Mr. Roberts added.

"Most international marketing companies are wishful about India. They wish they [India] could do better because it is such a large market. But the reality is that you can spend a lot of money and get nothing out of it," Mr. Roberts said. "If you can't make an immediate profit, or if there is no client that wants you there, then why do it?"

Agencies without equity in India don't mind the status quo. Michael Thomas, international vp of McCann-Erickson, which is affiliated with India's Clarion Advertising, said, "The issue of whether to buy equity in India comes up every two or three years, but the arrangement is satisfactory now."

Saatchi & Saatchi Compton Worldwide was the only foreign agency to move into India in 1984 when it signed an affiliation agreement with Everest Advertising. "We didn't say 'Ah ha, India is about to step forth in advertising,'" said James Adler, international director of Saatchi & Saatchi.

"It's just that we were interested in setting up an office. It's not uncommon to work on an associate basis prior to taking an equity position—it depends in part on business development.

"There is no great deal of activity there. The economy is not exactly booming. There aren't many multinational clients in India. Our largest client, Procter & Gamble, isn't even there," he said.#

INTERNATIONAL

The saga of India's cola war

By KIM GORDON-BATES

New Delhi—For a foreigner to understand America, he must understand baseball, author Jacques Barzun once said. To know India, an American must understand soft drinks.

On the surface India is one of the world's most promising soft-drink markets. Its 730 million population is largely under 20.

Also, the country's per-capita soft-drink consumption is one of the world's lowest: Six bottles per year—compared with the U.S.' 420.

But both PepsiCo and Coca-Cola, the dominant global cola marketers, can merely look on and thirst over this huge market, which they avoid because of laws protecting indigenous industries.

Sources say these and other consumer marketers are asking themselves whether the time is ripe to try India again now that the government is loosening restrictions on foreign business involvement.

"We're always looking at markets we are not in," said a Pepsi spokesman.

If western consumer marketers decide to enter the Indian market, it will be one of the most remarkable turnarounds in the underdeveloped world, rivaling the opening up of China.

Observers are watching markets like soft drinks to see if India is serious about its "open door" policy.

Mainly confined to India's affluent urban zones, soft drinks over the past decade have been at the mercy of politics.

More than 10 years ago, the government sought to establish a protectionist cocoon to promote India's budding industry. The most all foreign capital employed in India had to be diluted down to a 60% maximum. The upshot of this "Indianization" of foreign capital was the departure of at least two major U.S. concerns, Coca-Cola and IBM.

Before that, Coca-Cola arrived in India in 1950 and built a profitable business by weaning Indians away from their traditional fruit drinks, curds and sherbets.

Like the fizz of its modern drink—which is how Coke was promoted—first-year sales of fewer than 1 million bottles rose to 12 million by the early '70s.

In 1951, PepsiCo embarked on an attempt to compete in the Indian market, but sold its machinery and

The Campa-Cola logo is reminiscent of Coca-Cola, which pulled out of India in the 1970s.

plant to Coca-Cola in 1957. "We couldn't make a go of it and chose to get out," said the spokesman.

The key to Coca-Cola's Indian operation, according to sources here, was a New Delhi-based bottling company, Pure Drinks Ltd., run by the Mohan Singh family, who were close friends of Indira Gandhi, the late Indian leader.

The company was run by Mohan Singh, his son, Charanjit, a former member of parliament for a South Delhi constituency, and their family of enterprising members of the Sikh religious group. They possessed an established bottling factory and a lot of grit.

But enterprise and grit were not enough to keep Pure Drinks' connection with Coca-Cola fizzing.

The break came when Coca-Cola refused to yield either equity or its secret formula to the Indian government. Just when the country was rocked by a political earthquake—in 1977, Mrs. Gandhi was surprisingly but convincingly defeated in an election—Coca-Cola pulled out, leaving the Singh family high and dry, deprived of both political and business support (see related story).

Within weeks, the new government—made up of Mrs. Gandhi's arch-enemies—was out "to ruin" him, said Charanjit Singh.

Before the end of the year, the government promoted the launching of a "political cola" under the name 77—a name that had been suggested in parliament to commemorate the "1977 victory." But 77, manufactured by Modern Foods and marketed by India's largest advertising agency, Hindustan Thompson, affiliated with J. Walter Thompson Co. in the U.S., quickly turned into a certified failure, according to sources.

One advertising executive who had been working with Hindustan Thompson at the time said, "77 was a rushed job, and the manufacturers made a mess of it. The mixture had either too much carbonated water or too little, and the taste formula was pretty rough."

Meanwhile, a Bombay-based entrepreneur, Ramesh Chauhan, was thinking ahead. He owned a bottling company, Parle's, which since 1969 had been India's pioneer in soft drinks with two "hit" beverages to its name—a lime-and-lemon drink, Limca, and an orange drink, Gold Spot. Suddenly, he introduced Thums Up, India's first noncola-nut cola.

Today, MIT-educated Mr. Chauhan claims he was "instrumental" in getting Coca-Cola out of India, although it is unclear how. But he helped usher in a market war between himself and Mr. Singh.

As the Indian summer season approached in 1978, Mr. Singh launched India's "only cola containing cola," Campa-Cola.

The battle continued through Mrs. Gandhi's return to power in 1980, along with a new member of parliament: Charanjit Singh. The tide had changed, and now it was Parle's turn to feel the brunt of political adversity.

Meanwhile, down in the streets, the cola battle had taken a new turn. According to Charanjit Singh, Pure Drinks' attempt to penetrate the Bombay market with Campa-Cola after being well established all over northern India "was completely sabotaged by Parle's, which had engineered a 10-month strike at our Bombay bottling plant."

Mr. Chauhan, on the other hand, claimed that "Pure Drink people go around Delhi smashing our empty bottles"—a vital tactic in India's soft-drink warfare, since the country is a returnable-bottle market.

But even amid the turmoil, an equilibrium was settling in. Pure Drinks had most of the north India market, Parle's had the Bombay area and the rest of the country was carved up between the two major competitors and a few independent bottlers.

This harmony was disrupted several years ago when a total newcomer—McDowell's—jolted the market by introducing a noncola-nut drink called Thril.

Previously, Campa-Cola and Thums Up had adopted similar advertising campaigns, despite Campa-Cola's attempt to be the "only cola" cola.

The thrust of all the campaigns was on fast-living, disco-dancing and fun-loving kids.

But the arrival of Thril changed all that. Trying to differentiate itself from competitors, McDowells billed Thril as the drink for cricket players ("cricketers")—which is virtually India's national sport.

The campaign's theme line, via Lintas, is "Us, you and Thril."

Thums Up has stuck to its "Happy days are here" theme (borrowed from Coke's ads), via Everest Advertising (now a Saatchi & Saatchi affiliate).

Campa-Cola is striving to exploit the "togetherness" slant with young people "doing things" rather than performing in exotic sports. The market turmoil is not over yet. Last year, the three soft-drink agencies launched a total of seven new brands between them, including diet colas and grape drinks.

Mr. Chauhan says, "All were lovely flops," including his own.

The good news is that soft drinks have spread to all classes in India, says one agency exec.

In some cases, "it has become a mark of status to offer a visitor a [soft] drink rather than the traditional cup of tea," he said.

Things go better with Campa-Cola

New Delhi—When Coca-Cola left India in the mid-1970s, rather than give up equity or its secret Coke formula as the government demanded, Charanjit Singh had big problems.

Coca-Cola's departure left Mr. Singh's company, Pure Drinks—Coke's bottler—in danger of going under. To save it, he launched a Coke-like soft drink, Campa-Cola, and now Pure Drinks is thriving.

The ubiquitous Campa-Cola signs—the logo is identical to the scripted Coca-Cola logo—have helped make the drink one of India's hottest.

C. Singh

Mr. Singh, 44, is a member of India's entrepreneurial Sikh religion. His plush office, above the factory floor in New Delhi, is decorated with photos of French President Francois Mitterrand and Britain's Prime Minister Margaret Thatcher.

But despite his fame, Mr. Singh is press-shy, and few ad agency execs will talk about him.

"He has political clout," one exec explained.

Mr. Singh said Coca-Cola's departure was "a tremendous challenge."

To make up for the loss, Mr. Singh and his chief chemical engineer, P.S.R.K. Prasad—"the father of Campa-Cola"—went to London in 1977. There, Mr. Prasad "cracked Coke's secret formula in less than three weeks," Mr. Singh claimed.

Mr. Singh admits that "there were some objections from Coca-Cola" about the similarity in logos, but within a few months Coke let this possible breach of copyright "go by," he says. Coca-Cola officials refused to comment.

Other complications arose, however, when Campa-Cola began reaching outside India, notably the U.K., Holland and Nigeria. "Our Nigerian plant is only four blocks away from Coca-Cola's, and we had to change our lettering," said Mr. Singh.

In the U.K., Mr. Singh expects to "win over 10% to 15% of domestic cola sales" using "ethnic pull" on Britain's huge Indian population.

Negotiations for Campa-Cola plants also are under way in Portugal, Belgium, Spain, Taiwan and Singapore. A natural extension of Campa-Cola's success, said Mr. Singh, "would be to take on Pepsi-Cola in the Soviet Union."

India's top agencies. . .

Name of agency	1984 billings ($ thousands)	Increase from 1983 (%)	Top clients	Foreign agency affiliation
Hindustan Thompson	26,440	10	Hindustan Lever; Air India	J. Walter Thompson Co.
Lintas India	19,119	9	Hindustan Lever; Reckitt & Colman	SSC&B:Lintas Worldwide
Clarion Advertising Service	15,000	14	Food Specialties (Nestle); Geoffrey Manners (American Home Pdts.)	McCann-Erickson
R.K. Swamy Advertising	11,800	15	Ashok Leyland; National Tobacco	Looking to affiliate
Ogilvy Benson & Mather	10,057	18	Johnson & Johnson; Philips	Ogilvy & Mather Int.
Chaitra Advertising	8,900	10	Jay Engineering; State Bank of India	Looking to affiliate
Everest Advertising	7,870	11	Parle; Bombay Chemicals	Saatchi & Saatchi
Interads Advertising	7,799	10	Modi; Punjab Bank; Thermit Power; National Seeds	Vneshtorgreklama and Tritorreklama (Moscow); Agpol International (Warsaw)
Advertising and Sales Promotion	6,541	10	Bhorat; Hindustan Motors	Ayer Barker Holding
Rediffusion Advertising	5,888	10	Cathay Pacific; Chlorite	Ted Bates and Leo Burnett

. . .and advertisers

Advertiser (products)	1984 ad budget ($ thousands)
Hindustan Lever (detergents)	3,950
Reliance Textiles	3,160
India Tobacco Co.	2,686
Philips (electronics)	2,686
Colgate-Palmolive (toiletries)	2,686
L&T (engineering)	1,975
Jay Engineering (food specialties)	1,580
Richardson Hindustan (toiletries)	1,422
Hindustan Cocoa (food)	1,343
Voltas (engineering)	1,280
Johnson & Johnson (detergents)	790

Source: Advertising Age

QUARTERLY EARNINGS

P&G strategy slices profits

CINCINNATI—Procter & Gamble posted strong consumer sales in its second quarter, but earnings continued to fall as the Cincinnati-based company pursued its previously announced high level of investment in new products. P&G also said its earnings were affected by "major product developments" in established brands, including the new generation of Pampers disposable diapers.

Bottom line: Worldwide net sales for P&G's second quarter, ended Dec. 31, rose 8% to $3.37 billion from $3.13 million a year ago. Net earnings, however, fell 36% to $137 million from $214 million.

For the first six months, sales increased 7% to $6.86 billion from $6.41 billion, while net earnings declined 26% to $360 million from $487 million.

Johnson Products Co. says "sluggish haircare product sales" contributed to lower earnings for its first quarter of 1985, ended Nov. 30. Sales totaled $10.06 million, down 0.9% from $10.18 million a year earlier.

Earnings were $85,000, down 49% from $169,000.

Although increasingly strong competition in the haircare category continues to affect retail sales, "Gentle-Treatment and Classy Curl did better this quarter than a year ago," said George E. Johnson, president.

In addition, sales of professional products, where the company has concentrated its efforts, also were higher.

Bristol-Myers Co., New York, reported strong performance across the board in 1984, producing record fourth-quarter and yearly sales and earnings. Domestic sales rose 9%, while international sales were up 2%.

Bottom Line: Worldwide, sales rose 6% for the quarter to $1.01 billion, and net earnings increased 13% to $117.7 million. For the year, sales rose 7% to $4.19 billion, and earnings were up 16% to $472.4 million.

A sluggish retail environment for health & beauty aids in the U.S. contributed to a decline in sales at **Richardson-Vicks**, Wilton, Conn. Sales of Vidal Sassoon Inc. and most of the company's other divisions were behind their strong performances in the second quarter of fiscal 1984, the company said. However, the personal care division made record gains.

The picture was brighter for earnings, which benefitted from onetime gains from the sale of the Pea-Beu insecticide business in Australia and Lavoris mouthwash in the U.S. Furthermore, marketing expenditures were down because of heavy spending for new-product introductions last year.

Bottom line: Sales in the second quarter, ended Dec. 31, were $321.5 million, down 4.2%. Earnings rose 9.6% to $14.6 million. For the six months, sales declined 5.2% to $662.6 million, while net income rose 10.5% to $48.2 million.

RCA Corp., New York, reported record 1984 sales and earnings, fueled chiefly by healthy gains in network tv and consumer electronics. National Broadcasting Co. alone saw its record profits jump 40% on a 13% sales increase, largely because NBC-TV climbed out of the network tv ratings cellar for the first time in almost a decade. RCA's electronics operations also posted record earnings, after excluding the special $175 million SelectaVision videodisc provision.

Bottom line: Revenues rose 13% to $10.1 billion for 1984 as net income soared 50% to $341 million. Net income in the fourth quarter rose 37% to $102.8 million on a sales increase of 13% to a record $2.8 billion.

Quaker Oats Co., Chicago, said its net income drop in second-quarter 1985 results reflect advertising and merchandising spending of $354.6 million for the first six months of the year, up 21%, or $62.7 million, from last year. The company plans to reduce its level of promotional spending in the next six months, resulting in "a good year for Quaker," the company said.

Bottom line: Second-quarter sales increased 5% to $899.2 million from $852.7 million in the same period a year ago. Second-quarter net income fell 10% to $31.3 million from $34.8 million.

Sales for the first six months rose 9% to $1.77 billion, from $1.61 billion last year. Net income for that period fell 9% to $57 million from $62.8 million last year.

Dart & Kraft, Glenview, Ill., said acquisitions of Celestial Seasonings Herb Teas, Lender's Bagels, Precor exercise equipment and a zinc-air battery business as well as a poor showing by its Tupperware division resulted in the company's mediocre 1984 results.

Bottom line: Fourth-quarter 1984 sales fell 3.1% to $2.5 billion from $2.6 billion in 1983. Fourth-quarter net income rose 6% to $125.5 million from $118.4 million in 1983.

Yearend sales increased 0.5% to $9.8 billion from $9.7 billion in 1983. Net income for 1984 increased 5% to $455.8 million from $435.1 million in 1983.

For the year, Tupperware operating profits fell 27% to $138.8 million and its sales declined 6% to $776.9 million. The decline is due to start-up costs for Tupperware's new Ultra 21 product line, the company said.

G.D. Searle & Co., Skokie, Ill., already a hot acquisition target, turned in double-digit sales and earnings increases for its fourth quarter. But the quarterly figures lagged behind the company's full-year results.

The full-year figures illustrate what a hot new product—in this case Searle's low-calorie sweetener aspartame—can mean to a company's balance sheet. Sales of NutraSweet and Equal, Searle's brands of aspartame, climbed 74% last year to $585 million, from $336 million in 1983. NutraSweet/consumer products division sales rose 60% to $680.5 million, from $424.8 million in 1983. The division's net income figures aren't available.

By comparison, pharmaceutical sales increased just 9% to $584.6 million, from $535.2 million in 1983.

Often-mentioned suitors for the NutraSweet/consumer products unit include Procter & Gamble and American Home Products, New York, and, for the pharmaceutical division, Pfizer, New York.

Bottom line: For the fourth-quarter, sales increased 18% to $334.3 million from $284.4 million in 1983. Net earnings rose 22% to $53.3 million from $43.7 million in 1983.

Sales last year increased 32% to $1.25 billion, from $946 million in 1983. Net earnings rose 36% to $161.6 million, from $151.2 million.

Kimberly-Clark Corp., Neenah, Wis., said higher unit sales of its Huggies disposable diapers spurred record fourth-quarter sales and income. Increased diaper and facial tissue sales, improved newsprint prices and mill operations and higher U.S. consumer product prices more than offset lower unit sales of feminine care products here and abroad, K-C said.

Bottom line: Fourth-quarter sales increased 10% to $978 million from $836 million. Net income was up 15% to $53 million from $45.8 million in the same period a year ago.

Full-year 1984 sales rose 10% to $3.6 billion, from $3.2 billion in 1983. Net income increased 19% to $225 million, from $189 million.

Ralston Purina Co. said its first-quarter 1985 results reflect increased earnings from its pet food division and Jack-in-the-Box restaurants, despite a poor showing by its agricultural products group. The St. Louis company's first-quarter figures also include its October acquisition of Continental Baking Co.

Bottom line: First-quarter (ending Dec. 31) sales increased 19% to $1.6 billion, from $1.3 billion for the same period a year ago. Net earnings rose 2.5% to $82.8 million, from $80.8 million last year.

Circulation: Sunday magazines in the 1980's

	[illegible]	[illegible]	The New York Times Magazine
1983	23,168,789	12,675,921	1,498,873
1982	21,781,708	12,472,075	1,511,853
1981	21,844,119	12,458,750	1,430,358
1980	21,844,000	12,366,269	1,430,358

Due to a production error, the logotypes of the *New York Times Magazine* and *Family Weekly* were reversed in a chart (AA, Jan. 24, P. 28). The correct circulation figures appear above.

For the Record

LICENSED MERCHANDISE SALES soared 50% to $40.1 billion in 1984, says the annual survey by "The Licensing Letter," Scottsdale, Ariz. It is the seventh straight year of "vigorous" sales growth, said the newsletter's publisher, Arnold Bolka.

DEPARTMENT OF HEALTH & HUMAN SERVICES Secretary Margaret Heckler is being prodded by an advisory panel to urge Congress to ban all cigaret advertising. The National Council on Drug Abuse, a dozen HHS-appointed doctors who offer guidance on major policy issues, has forwarded its anticigaret message to Ms. Heckler. But her office says she may be slow in responding. Separately, the U.S. Surgeon General's office believes it can show smokeless tobacco is harmful, a spokeswoman says. That opinion came last week after the Federal Trade Commission asked Surgeon General C. Everett Koop to conduct a review of existing scientific evidence on snuff, dip and other smokeless tobacco products.

THE DEPARTMENT OF JUSTICE, after more than two years of review, has concluded that many marketing agreements between companies and their wholesalers and distributors can be restrictive without being anticompetitive or illegal. In a set of guidelines released last week, the department said these vertical-restraint agreements would be considered legal unless they limited output or increased price while not displaying any redeeming pro-competitive attributes.

ADOLPH COORS CO., Golden, Colo., next month breaks radio and print advertising in Chicago for its Coors and Coors Light beers, which become available on draft in that market today. A tv effort will begin in April, when the brands become available in package-goods stores. Foote, Cone & Belding, Chicago, handles.

G. HEILEMAN BREWING CO., La Crosse, Wis., hopes to prop up its ailing Lone Star label with a new comparative tv campaign. In the spots, young Texans choose Lone Star over Coors, Anheuser-Busch's Budweiser and Lite beer from Miller. Lone Star sales dropped 13% in the last year, but Heileman believes the six 30-second commercials can restore the beer's popularity. The campaign, via W.B. Doner & Co., Baltimore, breaks Feb. 4 in 14 Texas markets. Separately, Heileman will close its Phoenix bottling plant in March. The company said the facility is too small to be economical, given the currently flat beer market.

FOUNDATION FOR SAVINGS INSTITUTIONS, New York, broke a $4 million print campaign Jan. 27 touting federally insured Individual Retirement Accounts and other savings & loan services. The ads, in newspaper-distributed Sunday magazines, include local listings of IRAs in each market. Backer & Spielvogel handles the effort, which will run through April 15, the peak IRA selling season.

CURTIS TROEGER has been elected president at Doremus & Co., New York. The former exec vp succeeds chief executive officer Steve Kahler, who becomes chairman. Franklin Schaffer retired as chairman at the end of 1984 but remains a consultant to the BBDO International subsidiary.

COCA-COLA CO., Atlanta, has been given permission to sell Coke in the Soviet Union, more than 10 years after rival PepsiCo entered the country. It will be available first to foreigners, then to Soviet citizens.

TAMBRANDS, Lake Success, N.Y., has signed a preliminary agreement to sell tampons and sanitary napkins in the People's Republic of China. Tampons will be sold under the Tampax name.

NATIONAL ASSN. OF BROADCASTERS' board is ordering a task force to study the idea of creating NAB's own nonprofit audience-measuring service. The task force's findings are expected to favor setting up such an in-house service. The move is a response to NAB's displeasure with radio audience surveys that it believes are inaccurate, overpriced and misleading to potential advertisers.

MINOLTA CORP., Ramsey, N.J., is introducing a new compact autofocus 35mm single-lens reflex camera, the Minolta Maxxum 7000. Print and tv advertising will feature the Minolta theme "Only from the mind of Minolta." William Esty Co., New York, handles Minolta products.

GLAMOUR reports record ad pages and revenues for the first quarter of fiscal 1985. Ad pages totaled 446 for the quarter, up 4% from the record level a year earlier. Revenues jumped 14% to $15.1 million.

ACCOUNT ACTIVITY: **Club Med**, New York, to **N W Ayer** for its estimated $9 million account, from Ammirati & Puris.

WORTH NOTING: **Midway Airlines**, Chicago, last week belatedly joined the budget-fare handwagon (AA, Jan. 21, *et seq.*) with Express-Fares to Florida from Chicago, Detroit and Cincinnati. The unrestricted fares range from $79 to $99 one-way. . .**U.S. music stars** will record their own single, "We Are the World," this week in Los Angeles to raise funds for Ethiopian famine relief, a la British performers' Band-Aid with its "Do They Know It's Christmas?" (AA, Dec. 17). . .**Grey Advertising**, New York, has established an affiliate relationship with Istanbul-based Cenajans Reklamcilik. The Turkish agency, fourth-largest in the country, had 1984 billings of about $4.2 million. . .Grey Advertising's **LBS Communications** unit, New York, and Telepictures have dissolved TelLex Media International, their year-old international tv barter-syndication joint venture. . .**Robert Humphreys** has been named to the new post of chairman-ceo at Grey Advertising's western division, Los Angeles. Succeeding Mr. Humphreys as division president is **Miles Turpin**, formerly exec vp. . .**John Scott**, the recently departed president of Times Mirror Magazines, New York (AA, Jan. 24), has bought a majority interest in Madison Avenue Publishing Corp., New York, publisher of *Madison Avenue*, where he gets the new post of chairman-ceo. . .The media schedule for St. Louis-based **Ralston Purina Co.'s** introduction of Sunflakes Nutra-Sweet-sweetened cereal (AA, Dec. 10) includes network tv spots totaling 1,000 gross ratings points, beginning in early March, and distribution of 400 million 35¢-off coupons through direct mail and newspaper inserts. Tatham-Laird & Kudner, Chicago, handles. . . **Yankee Publishing**, Dublin, N.H., has suspended publication of its every-other-monthly *Collectibles Illustrated* with the January / February issue. . .The **Financial Times** of London has signed a contract with Evergreen Printing & Publishing Co., Bellmawr, N.J., to print an international edition of the newspaper in the U.S. for distribution in the North American market.

Apple puts the bite on Eve

By BRIAN MORAN

Another upstart marketer of Apple-compatible personal computers may crumble under Apple Computer's relentless pursuit of imitators on trade infringement grounds.

Eve Computer Corp., East Rutherford, N.J., markets hardware compatible with the Apple II line, but it has been brought to a standstill by a court-ordered injunction barring the company from manufacturing or selling its Eve line.

Apple has charged Eve and its parent, Computer Technology, with copyright and patent infringement in the production of Eve's operating system and memory instructions. Apple's suit in a federal district court in Newark, N.J., seeks all profits related to the Eve, plus $50,000 in damages.

Cupertino, Cal.-based Apple has built a reputation for fierce determination in chasing companies it suspects have used illegal components and licenses to make "clone" machines. Such notoriety resembles that of Apple's mammoth rival, IBM Corp., Armonk, N.Y.

Last year, Apple won a $2.5 million settlement against Franklin Computer, Pennsauken, N.J. That helped force Franklin into bankruptcy (AA, Aug. 23, *et seq.*).

"Fighting Apple in court is going to be very tough for us," said CTI ceo Charles Rothstein, who denied the charges. CTI had sales of $7.4 million in the fiscal year ended last Nov. 15, compared with Apple's 1984 sales of $1.4 billion. "Apple can win most of these cases based on sheer power," he said. "We don't have $1 million to spend defending ourselves."

Apple does have enough money to keep on retainer Barrick Securities Group, a San Mateo, Cal., private security company. BSG undercover investigators, posing as distributors interested in handling Eve computers, first met with Eve officials at the Comdex computer trade show last November in Las Vegas.

The larger marketer also secured a court order forcing Eve to surrender more than 250 computers and its sales records to Apple. Last week, however, the federal judge ordered Apple to return 24 of the impounded machines so that embattled Eve engineers could work on a redesign.

Jeffrey Blatt, a Beverly Hills, Cal., attorney representing Apple, said because the allegedly illegal Eve computers were imported from Taiwan, U.S. Customs officials have indicated they may seize the impounded machines still held by Apple.

In an effort to have the injunction lifted, Mr. Rothstein said his company plans to make two "minor" technical alterations in the Eve and submit them for Apple's approval. But regardless of whether the injunction is lifted, Mr. Rothstein said he expects a protracted trial.

Through its eight-year history, Apple has fought aggressively against marketers of compatible systems in the U.S. and foreign markets. In addition to the Franklin settlement, Apple last year won a lengthy copyright case against Formula International, Hawthorne, Cal., and Formula's Pineapple computer.

Several other copyright lawsuits brought by Apple, against marketers in California, Louisiana and Massachusetts, have been settled out of court, Mr. Blatt said.

Eve's shutdown also casts a shadow on parent CTI's hopes of raising $3 million through a preferred stock offering. Mr. Rothstein said CTI will go ahead with the offering, the proceeds of which are being counted on to finance further development of the Eve line and expansion of Micro Merchants, the parent's computer retailing arm. Micro Merchants is also a defendant in the suit.

The Eve pc, which is made in Taiwan, hit the U.S. market last September. The line consists of two Apple compatibles—a desktop machine and a portable. They feature built-in printer and disc interfaces and a numeric keypad, enhancements that are "extras" on Apple's line.

Eve has marketed the machines through CTI's four Micro Merchants stores and through some 20 independent dealers nationwide, Mr. Rothstein said. Sales were limited to "several hundred" units last year, he said, but the company had high hopes for the portable model, which received favorable industry reviews.#

Taste of competition

Apricot Inc., Santa Clara, Cal., a division of the U.K.'s No. 1 personal computer marketer, is breaking a $7.5 million U.S. introductory ad campaign that takes comparative shots at Apple. Business press ads say Apricot will "upset the Apple cart."

Apple still backs 'Lemmings'

By CLEVELAND HORTON

CUPERTINO, CAL.—Apple Computer is defending its decision to air the "Lemmings" commercial during Super Bowl XIX, claiming its vision of the future needs to be communicated almost at any cost.

At a press conference following Apple's annual meeting here last week, Apple president-ceo John Sculley said he would prefer to "run the risk of offending somebody rather than having them not hear of the vision, the alternative," when fielding a question regarding the potentially offensive nature of "Lemmings."

The vision referred to by Mr. Sculley is the Macintosh Office, a family of products built around the Macintosh computer. Crucial to this concept are two peripheral components—a network and a high-quality printer—both of which were introduced, as expected, at the meeting.

Apple first announced the Macintosh Office concept in the tag line of the controversial "Lemmings" spot. The commercial aired during the Super Bowl despite reservations held by top management, and it drew criticism from the advertising community.

"Lemmings" creator Chiat/Day, Los Angeles, last week turned over to Apple the results of a day-after survey designed to gauge the effectiveness of the spot.

Apple president Steven Jobs told shareholders the company was entering a two-year transition period, during which office computers will change from individual, isolated workstations to network-linked communications devices. By avoiding discussion of short-term goals, the company may ease some of the immediate pressure for Apple to gain a significant share of the business market for personal computers.

Mr. Jobs did say he believes Apple will sell 10,000 AppleTalk networks during the transition.

To avoid a head-to-head collision with IBM Corp., Apple proposed "detente" with the Armonk, N.Y., computer giant. Apple even announced its intention to market a device designed for its archrival's computer to allow it to communicate over the AppleTalk network. The move is seen as Apple's acknowledgment that it can't survive in the business market by ignoring Big Blue's standard.

Meanwhile, the company also made public that it is giving up on its Lisa line. The troubled Lisa has performed well below Apple's expectations since its introduction at Apple's 1983 annual meeting. Mr. Sculley blamed computer retailers for the Lisa line's failure, noting that dealers were not suggesting the Lisa when the limited capacities of the Mac were cited by customers. The Lisa 2/10, the most advanced model in the line, will be renamed the Macintosh XL (for extra large). The Lisa 2 and 2/5 will be phased out.

Compared with its meeting last year, this Apple session was subdued, particularly for a company that just completed its best fiscal quarter. For the first quarter of fiscal 1985, ended Dec. 28, Apple reported net income of $46.1 million on sales of $698.3 million. For the comparable period a year earlier, Apple saw net income of $5.8 million on sales of $316.2 million.

Despite the record sales and earnings for the company's first quarter, Mr. Sculley cautioned shareholders that "1985 is not going to be an easy year for the industry as a whole. . .the retail market is somewhat fragile." He expects Apple to introduce a number of new products in 1986, in preparation for the next boom period, which he predicts will occur in the following year.#

Super Bowl ratings

The Super Bowl audiences went with the flow of the game, and advertisers who paid $1 million a minute to be near the close of the game ended up paying a much higher cost-per-thousand than second-quarter advertisers. While fourth quarter tuneout is common in blowouts, the Super Bowl tuneout was certainly more expensive than most. Some 110 million Americans watched the game, but only about 100 million had their sets on when the Apple Computer "Lemmings" spot ran. Source: *A.C. Nielsen Co.*

6:00-6:30: 44.6/64 (First quarter)

IBM PC Jr., Nostrilla 12-Hour, McDonald's, U.S. Army, Michelin, Sharp Electronics, Anheuser-Busch, Nissan, McDonald's, Johnson Controls, ABC ("MacGruder & Loud")

6:30-7:00: 48.7/67 (First quarter-second quarter)

Cullinet software, ITT, ABC Sports (bowling), Bud Light, Master Lock, ABC Sports ("Wide World of Sports"), Hyatt Hotels, American Home Products' Advil, Nissan trucks, Tandy Radio Shack, Minolta, National Dairy Board, ABC Sports ("Wide World of Sports")

7:00-7:30: 48.2/65 (Second quarter)

Tandy Software, Ford Tempo, Canned Food, Northwestern Mutual Life, ABC News (Peter Jennings), ComputerLand, LA Beer, Sharp microwave ovens, Soloflex, Ford Thunderbird, IBM computers, United Way, ABC ("MacGruder & Loud")

7:30-8:00: 47.4/63 (Second quarter-halftime)

Cullinet software, Stroh's, Exxon, Diet Coke, ABC Sports

8:00-8:30: 44.9/60 (Halftime)

U.S. Air Force, ABC ("Hardcastle & McCormick"), IBM computers, Nissan

8:30-9:00: 47.1/62 (Third quarter)

Cullinet software, Budweiser, Nissan trucks, Sharp copiers, Stroh's Old Milwaukee, Nissan, ABC Sports ("Wide World of Sports"), ComputerLand, McDonald's

9:00-9:30: 45.6/60 (Fourth quarter)

Ford, Minolta copiers, IBM, Bud Light, Ford trucks, U.S. Marine Corps, Northwestern Mutual Life, Apple Computer, Ford, ComputerLand

Lemmings

(Continued from Page 1)

product advertised: Nearly seven out of every 10 people—112, or 69%—who said they had seen an Apple commercial said they didn't know what product was being advertised.

Only nine, or 5.6%, identified the product advertised as the Macintosh Office line. Another 18, or 11%, said simply Macintosh (or Apple Macintosh). Thus, counting both categories of responses as correct, fewer than 17% of the respondents who said they had seen the spot knew what product was being advertised. Other answers—which were considered incorrect—included "Apple IIe" (seven mentions) or just "Apple" (six mentions).

In awareness among all Super Bowl advertisers—in which respondents named the first commercial to come to mind of all that were on during the game—Apple's spot, which the company touted in newspaper page ads on Super Bowl Sunday, finished third behind Budweiser (including Bud Light) and Ford.

Apple was followed in over-all awareness by IBM, McDonald's, the U.S. Marines and Nissan *(See chart)*.

As might be expected, the Apple commercial fared best among its middle-manager target group, as suggested by income level. Respondents earning $20,000 to $39,999 a year had the highest percentage of accurate descriptions of the commercial, while those earning $40,000 or more had the second-highest percentage of accurate descriptions.

Those two income groups also ranked highest in the percentage of correct identifications of the product being advertised.

The number of those who correctly described the spot was too small for any statistically valid conclusions to be drawn about their opinion of it. Of those 31 people, 16 said they liked it or liked it a lot, 14 said they disliked it or disliked it a lot and one was neutral.#

Super Bowl ad awareness

Asked of 300 Super Bowl viewers: Of all the commercials shown during the Super Bowl which first comes to mind? *Source: SRI Research Center, Lincoln, Neb.*

Advertiser	Mentions	Per cent of respondents
Budweiser/Bud Light	23	7.7
Ford	15	5.0
Apple Computer	10	3.3
IBM	8	2.7
McDonald's	7	2.3
U.S. Marines	6	2.0
Nissan	5	1.7
Diet Coke	2	0.7
Master Lock	2	0.7
Stroh's	2	0.7
U.S. Army	2	0.7
None*	**194**	**65.0**

***Couldn't recall a specific commercial.**